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By: **Chairman, Economic Matters Committee (By Request - Departmental -  
Business and Economic Development)**

Introduced and read first time: February 6, 2003

Assigned to: Economic Matters

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A BILL ENTITLED

1 AN ACT concerning

2 **Business and Economic Development - Maryland Economic Development**  
3 **Assistance Fund**

4 FOR the purpose of altering the required meeting times of the Maryland Economic  
5 Development Assistance Authority; expanding the authorized uses of financial  
6 assistance from the Maryland Economic Development Assistance Fund to  
7 include development and carrying costs associated with certain costs that are  
8 currently eligible; altering the requirements governing feasibility studies that  
9 may be funded by the Fund; altering the requirements concerning investments  
10 from the Fund; altering the requirements regarding eligible industry sectors  
11 and projects carried out by local governments; and generally relating to  
12 financial assistance from the Maryland Economic Development Assistance  
13 Fund.

14 BY repealing and reenacting, with amendments,  
15 Article 83A - Department of Business and Economic Development  
16 Section 5-1403(f), 5-1405(b) through (d), and 5-1410(d)  
17 Annotated Code of Maryland  
18 (1998 Replacement Volume and 2002 Supplement)

19 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
20 MARYLAND, That the Laws of Maryland read as follows:

21 **Article 83A - Department of Business and Economic Development**

22 5-1403.

23 (f) (1) The Authority shall meet as often as its duties require[, but no less  
24 than quarterly].

25 (2) The members of the Authority are subject to the provisions of the  
26 Maryland Public Ethics Law.

1           (3)     Each member of the Authority appointed by the Governor may not  
2 receive compensation as a member of the Authority but is entitled to reimbursement  
3 for expenses under the Standard State Travel Regulations, as provided in the State  
4 budget.

5 5-1405.

6       (b)     Financial assistance from the Fund may be used only to finance costs  
7 incurred for:

8           (1)     Acquisition or construction of a building or real estate, AND  
9 ASSOCIATED DEVELOPMENT AND CARRYING COSTS;

10          (2)     Acquisition, construction, or installation of machinery, equipment,  
11 furnishings, fixtures, leasehold improvements, site improvements, or infrastructure  
12 improvements, including rail line enhancements on or to the site of an economic  
13 development project, AND ASSOCIATED DEVELOPMENT AND CARRYING COSTS;

14          (3)     Working capital for significant strategic economic development  
15 opportunities, arts and entertainment enterprises, or arts and entertainment  
16 projects;

17          (4)     Redevelopment of qualified brownfields sites;

18          (5)     (i)     Except as provided in item (ii) of this paragraph, up to 50% of  
19 the costs of renovations, construction, or purchase of real property, fixtures, or  
20 equipment related to a child care facility, but not for refinancing existing loans,  
21 working capital, supplies, or inventory; or

22                 (ii)     A business that has received or will receive a day care loan  
23 insured by the Maryland Industrial Development Financing Authority; such  
24 businesses shall be limited to financial assistance from the Fund of not more than  
25 20% of the costs described in item (i) of this paragraph;

26          (6)     If [incurred by a local government] SUPPORTED BY A RESOLUTION  
27 ADOPTED BY THE GOVERNING BODY OF THE JURISDICTION IN WHICH A PROJECT  
28 MAY BE LOCATED, costs of feasibility studies; and

29          (7)     Up to 50% of the costs of preparing a county's or municipality's  
30 strategy or plan for economic development, not to exceed a total of \$50,000 in a 3-year  
31 period.

32       (c)     (1)     Financial assistance from the Fund:

33                 (i)     May not exceed the lesser of \$10,000,000 or 20% of the Fund  
34 balance;

35                 (ii)     Except as provided in item (iii) of this paragraph, may not  
36 exceed 70% of the total costs of the project being financed;

- 1 (iii) May constitute 100% of the total costs of the project being  
2 financed if:
- 3 1. The recipient is the Maryland Economic Development  
4 Corporation; or
- 5 2. The financial assistance is for an arts and entertainment  
6 enterprise or arts and entertainment project;
- 7 (iv) If a loan for a significant strategic economic development  
8 opportunity or for a specialized economic development opportunity, shall carry an  
9 interest rate below the market rate of interest, as determined by the Department;
- 10 (v) If a loan for a local economic development opportunity or to a  
11 local government, shall carry an interest rate not exceeding one-eighth of one percent  
12 plus the net interest cost of the most recent State general obligation bond issue  
13 preceding the approval of the loan;
- 14 (vi) Shall not bear a rate of interest less than 3% unless the project  
15 funded by a loan is located in an area of high unemployment or the Department  
16 determines that the borrower is carrying out a compelling economic development  
17 initiative; and
- 18 (vii) May not be used to refinance existing debt.
- 19 (2) Loans from the Fund may not be for a term exceeding:
- 20 (i) For working capital - 3 years;
- 21 (ii) For financing machinery, equipment, furnishings, or fixtures -  
22 the lesser of 15 years or the useful life of the asset, as determined by the Department;
- 23 (iii) For financing the construction or acquisition of buildings and  
24 real estate - 25 years; and
- 25 (iv) For financing redevelopment of a qualified brownfields site - a  
26 term approved by the Department or the Authority.
- 27 (3) For loans from the Fund the Department may:
- 28 (i) Waive interest during the first 2 years of a loan term; or
- 29 (ii) Upon a default by the borrower, impose an interest rate that  
30 exceeds the limits set forth in paragraph (1) of this subsection.
- 31 (4) [Investments] PROCEEDS OF INVESTMENTS from the Fund may be  
32 [made only in conjunction with a loan or a grant from the Fund] EXPENDED ONLY  
33 ON COSTS DESCRIBED IN SUBSECTION (B) OF THIS SECTION.
- 34 (d) To be eligible for financial assistance from the Fund, an applicant must be:

1 (1) An individual, private business, not for profit entity, or local  
2 government which:

3 (i) Unless the applicant is a local government intending to use the  
4 financial assistance to carry out a project that [does not benefit a particular private  
5 sector entity] THE DEPARTMENT DEEMS TO BE A LOCAL ECONOMIC DEVELOPMENT  
6 PROJECT, must use the requested financial assistance for a project in an eligible  
7 industry sector;

8 (ii) Intends to use the requested financial assistance for a project  
9 that has a strong potential for expanding or retaining employment opportunities in  
10 the State; and

11 (iii) Submits to the Department an application containing any  
12 information the Department or the Authority deems necessary in evaluating the  
13 request for financial assistance; or

14 (2) A local economic development fund that meets the criteria set forth in  
15 § 5-1407 of this subtitle.

16 5-1410.

17 (d) The provisions of this section do not apply to financial assistance to a local  
18 government that uses the financial assistance provided under this subtitle to carry  
19 out a project that [does not benefit a particular private sector entity] THE  
20 DEPARTMENT DEEMS TO BE A LOCAL ECONOMIC DEVELOPMENT PROJECT.

21 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take  
22 effect July 1, 2003.